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ABSTRACT

Housing has become a major problem for college students. The reticence of college administrators to build new housing facilities in light of predictions of imminent enrollment declines has caused an increasing percentage of students to live off campus. The results of an informal survey of housing problems affecting off-campus students show that the most common problems are soaring rent and shortages of rental units. A major cause of these problems is condominium and cooperative conversions. Landlords see conversions as desirable since rental units have become economically unfeasible due to rent controls and zoning regulations. Renters perceive landlords as chasing fast high profits. The problem is not likely to improve in the near future, especially in urban areas. If colleges and universities care about their students, their involvement in these issues is critical. They need to serve as an advocate for their students and they need to reexamine their own programs. An important consideration is creating a good relationship between the institution and the community. (DC)

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Housing Trends and Higher Education

by

Bill Moore

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Housing trends and higher education

By Bill Moore
University of Maryland, College Park

There is a somewhat peculiar trend in higher education these days: residence halls are full and often over-flowing, and institutions are having some difficulties responding to the problem.

It is a peculiar trend in light of the persistent predictions of enrollment declines in the next few years, predictions which have yet to materialize. The predicted decline adds to the problem, however, in that top administrators feel that they cannot afford to risk building new residence halls, fearing that such buildings would be obsolete before they were even completed.

Some institutions are responding with appropriate short-term solutions. James Madison University, for instance, is housing over a hundred students in local motels and providing a shuttle service to campus. Southern Methodist University in Dallas, Texas, faced with students tripled in double rooms and students living in designed study rooms, has arranged for space in a high-rise dorm, operated by another institution in the area.

Undoubtedly there are numerous other similar examples. These responses, however, are specific short-term responses designed to partially alleviate the crowding problem. More broadly, however, and perhaps more importantly, the situation has provided an "opportunity" for many people to become aware that students living in off-campus housing do exist, and in fact that a number are possibly there because of a lack of on-campus housing — or at least move off-campus sooner than they would normally. Many institutions, however, run their on-campus housing operation so that students already in the dorms have "first crack" at staying, thus conceivably forcing a number of freshmen and transfers to seek off-campus housing.

Whatever the mechanism, the fact is that most studies indicate that the percentage of off-campus students in the total student population is around 80 percent. This considerable majority of our students must deal with the issues and problems of housing in the "real world," and it seems clear that higher education in general, and student development professionals in particular, need to be aware of the major issues in order to be most responsive to these students' needs.

This article will discuss a variety of perceptions of the issues being faced (from an institutional point of view), then examine in a general sense some current housing concerns, and close with some comments about the implications of such concerns.

Over the past few weeks, the National Clearinghouse for Commuter Programs has conducted an informal phone survey of professionals at a variety of institutions around the country, asking them to discuss briefly what housing issues their students seemed to be facing in each of their respective communities. We talked to staff at the following institutions: San Diego State University, Wayne State University (Detroit), Texas A & M (near Bryan, Texas), Florida State University (Tallahassee), Ann Arundel Community College (Maryland), Cornell University (Ithaca, New York), University of Maine, Oakland University (Michigan), Penn State University, SUNY-Binghamton, and the University of Texas (Austin, Texas). Not surprisingly, some consistent themes emerged from the litany of concern, summarized below:

- Shortage of housing, especially housing near the campus, and especially quality housing convenient to the campus;
- Because of rising commuting costs, off-campus students are trying to move closer to campus, exacerbating the problem just mentioned;
- Low-cost housing is being built, but students often don't qualify (or apply) (Wayne State);
- Rents going up at varying (usually steep) rates;
- At some schools (Texas A & M, Cornell, and Penn State, in particular) the local housing market is extremely tight and landlords are taking advantage of the "seller's market" invited by demand;
- Listings in off-campus housing office seem to get "snapped up" quicker these days, more soliciting of new listings becoming necessary (Oakland University);
- Condominium conversions becoming a problem, which some parents are solving by buying as an investment and allowing sons and-or daughters to live there (San Diego State University, Southern Methodist University).

Two exceptions to these general responses need to be noted, one from Florida State, the other from Anne Arundel Community College. The Tallahassee housing market has seen some rent increases, but nothing drastic, and there seems to be plenty of available housing, according to Dean of Students Jim Hayes. Anne Arundel, on the other hand, makes the assumption that finding housing is not a problem for their population; given that 75 percent of their students are married and the mean age is 33, most students are presumed to be "settled" in the community already. Other commuter issues therefore take precedence over housing. It would seem that this attitude would be typical for community colleges, although we have no specific research data currently to draw that conclusion. However, the Clearinghouse is initiating such research over the next few months.

These are some perceptions from higher education of off-campus housing concerns across the country, and they naturally reflect, to varying extents, the serious housing problems facing the country. The most immediate concerns, and the ones most often mentioned in our conversations summarized above, are soaring rent costs and shortages of quality rental units.

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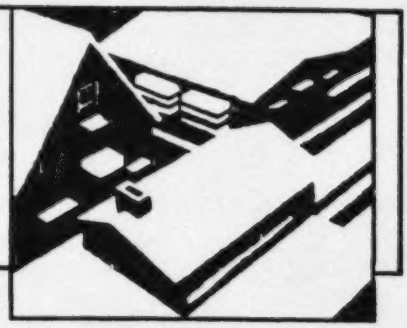
Housing trends pose issues for educators



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For instance, according to the **Washington Post** (10-7-80),[1] typical prices for a one-bedroom apartment in a quality, well-kept building are as follows for some major cities: New York — $700 and up; Chicago — $625 and up; Los Angeles — $400 and up; Boston $250-$400; Dallas — $290; Atlanta — $250-$375. Compounding the problem in New York City is the fact that 40,000 rental units have been abandoned in the past year, and an additional 60,000 units lost to condominium conversions. The 1978 **Statistical Yearbook** (latest available) of the Department of Housing and Urban Development reports a rental vacancy rate in 1978 of 5 percent in the United States as a whole, down from 6.2 percent in 1974;[2] the vacancy rate is much lower than that in certain areas now. Moreover, the construction of new apartments (5 units or more) was down to 382,000 starts nationwide in 1978 from 779,000 starts in 1973, and the North Central and North East regions lagged far behind the "Sunbelt" in numbers of new starts. The new units being built tend not to be medium priced and quality units, as Peter Marcuse, a professor in urban planning at Columbia, describes it.

"There are two separate markets for housing — high-income, where the incomes are enough to warrant new construction, and at the other extreme, people who can't pay enough to keep the building minimally maintained so that the neighborhood is undesirable for anyone else. The people in the middle are squeezed."[3]

As usual, there are at least two opposing views about the sources of this "crunch." Landlords and investors tend to blame the problems on local rent controls and excessive zoning regulations, alleging that these factors have contributed to making the economics of apartment buildings uninvestable. They point to HUD statistics which show that rent cost increases have in fact lagged behind other ones over the past decade. While overall housing costs have more than doubled from 1967-1978 (ranking behind only medical costs and food prices in increase over that period), rent costs have increased "only" 64 percent in the same period.[4] William E. Becker, a real estate marketing specialist, expresses this position:

"The economics of rental buildings just don't wash anymore. After allowing for a few years of depreciation, the owners of rental buildings are just fighting a losing battle."[5]

Tenant advocacy groups, on the other hand, counter that there are too few rent controls in existence, and also charge that shortages are occurring, at least in part, because there is a trend toward co-op and condo conversions which allows landlords to make fast high profits on their investments. Tenants are, indeed, becoming activist in response to these concerns.

The Wall Street Journal reports that rent control actions have been won in a variety of cities from Elizabeth, New Jersey, to San Francisco, California.[6] Tenants' groups have also won scattered skirmishes over condominium conversions and eviction processes, and in the summer of 1980, 80 local organizations joined together to form the National Tenants Union to confront the issues. As the **Journal** points out, this "war" is heating up because the number of rental units being constructed continues to decline (to a projected 316,000 for 1980), but as home prices soar and it becomes more difficult to break into the housing market the demand for apartments is increasing.[7]

Seattle is a good example of what is happening in this tenant-landlord confrontation. Thirty percent of the Seattle population rents, the current vacancy rate is 2.1 percent, and rents have risen 60 percent in the last three years.[8] As a result, the city council has passed a law making it more difficult to evict tenants, and voters have an initiative on the November ballot that would, among other things, limit rent increases and apartment demolitions.

Landlords are "counter-attacking," of course. The Baltimore City Council is currently holding hearings on several rent control proposals because four months ago the state court of appeals ruled upholding a lower court decision that a rent control referendum passed the previous November was illegal.[9] And while dozens of cities, including Washington, D.C., Evanston, Illinois, and Eugene, Oregon, have imposed a moratorium on conversions, and the states of West Virginia and Pennsylvania have passed laws protecting tenants from indiscriminate conversions, landlord groups have challenged a number of these laws and succeeded in overturning moratoria in Chicago, Verona, New Jersey, and elsewhere.[10] Nevertheless, according to Robert Wittie, a Washington, D.C., real estate lawyer: "There's no question that the free and easy days of developers going in and converting buildings on their own terms is over."[11]

Obviously, however, the loss of rental units through conversion has been, and continues to be, an important issue for housing in the United States; whether it is defined as a problem or not depends on what side of the fence you're on. What exactly is conversion, and what are the dimensions of the issue presently and in the future?

First of all, one must distinguish between the two most popular forms of conversion. In a **condominium** conversion, the owner holds a title to the apartment and owns a share in all common elements of the building and property. Conversion to a **co-operative**, on the other hand, means that the owners do not own an individual apartment; they own a percentage share of the total building instead, and thus earn the right to occupy a given apartment.

The resulting tax benefits for individual owners are about the same for both methods, but they produce clearly different situations. Condominium conversions seem to be more popular than co-operatives, but in situations where a condo moratorium is in effect or anticipated, landlords often go the co-operative route.

Estimates of the numbers of conversions occurring vary, but **U.S. Housing Markets** projected 130,000 conversions for 1979, compared to 101,000 in 1978 and 50,000 in 1977.[12] Whether these figures are completely accurate or not, there is general agreement that at least in large urban cities, converting multi-family rental structures into ownership housing has become big business.

Who is buying? According to William Becker, the real estate marketing specialist quoted earlier, there are four major groups of buyers: young marrieds, with or without children (30-40 percent of the market); the single-separated-divorced-widowed (20-25 percent); older couples whose children have left home — "empty nesters" (30 percent); and retirees and "never nesters" (5-20 percent).[13] In general, existing tenants tend not to be the market for conversion, which leads to the fear of tenant displacement, especially of the elderly, a fear which has in part spawned the "moratorium

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movement" around the country. Becker and other real estate experts argue that most conversions have **not** been in the low end (pricewise) of the housing market and thus have not displaced many elderly or fixed-income tenants.[14]

In the Washington, D.C. area, the figures differ from Becker's numbers considerably. Condominiums and co-operatives amount for nearly one-third of all home sales (not all of those would be "conversions," of course), especially in the under $75,000 price range, and the percentage is rising. Thirteen thousand units are converted annually, and currently represent 7 percent of the total housing market. A recent National Association of Realtors survey showed that 69 percent of Washington area condominiums are purchased by single men or women, 27 percent by married couples, and 4 percent by unmarried couples. One-third of all these sales are made to households with annual incomes of less than $20,000.[15]

It should be noted that there is also a growing market of investor-owned units being maintained as rentals — Becker agrees: "Many conversion buyers are invester-oriented . . .The conversion is their (break) into the real estate ownership market."[16] Some localities are considering requiring that a certain percentage of the units in converted buildings be maintained as rentals;[17] as well-intentioned as this effort sounds, it only raises the issue of the relationship between owners and renters in the same complex, since co-owners tend to treat renters as "second class citizens."

The outlook for the future, like the perception of the issue itself, doubtlessly varies depending upon one's point of view. Moratorium efforts continue; in fact, Representative Benjamin Rosenthal (D-NY) has introduced a bill in the House which would impose a three-year moratorium on conversion of existing apartment buildings to condominiums or co-operative ownership and establish a Presidential commission to study the conversion issue and make some recommendations.[18]

The House, however, has not yet shown much interest in dealing with the issue or the bill. Developers and real estate people, like Guiseppe Cecchi, president of International Developers, Inc., argue that a moratorium is "no answer."[19] Gecci asserts that what is needed, simply, is more rental housing, and that developers could use help in maintaining programs for relocating displaced tenants, especially elderly ones.

In any case, it seems clear, especially in urban areas (D.C. being a good example),

that because of rising construction and financing costs and fear of actual or potential rent controls, construction of new rental housing has declined markedly in the past five years, and there is no sign of a reverse in the trend. G.V. Brenneman, Jr., president of Brenneman Associates, Inc., a Washington, D.C.-based firm devoted to management, marketing and resale of association housing — flatly predicts:

"In a few more years, a very significant portion of the entire rental stock in large urban areas will be in condominium and co-operative apartment buildings. We are seeing the disappearance of rental buildings as we know them."[20]

Others feel that large urban areas, like Chicago, Houston, or D.C., may have peaked in terms of number of conversions, and that the real growth in conversions in the 80's will be in mid-sized (250-500,000 people) cities across the country. Wherever it happens, conversions is a phenomena that seems to be here to stay.

The direct impact of these issues on higher education may be unclear at this point, but it would seem reasonable to expect that concerns affecting off-campus students (who represent 70-80 percent of students nationwide, close to 100 percent for many institutions in urban areas) would at least indirectly have immediate effects on the institutions these students attend. If colleges and universities care about the needs of their students, involvement in these issues is critical.

As Kris Girrell has pointed out in an April article in **The Commuter**, an effective off-campus housing operation is a solid foundation for an effective response to these concerns.[21] Institutions need to do research on what kinds of housing students have and need; off-campus listings should be actively solicited, kept current, and computerized if at all possible; off-campus housing services should be extended to the entire university community; through a complaint file, or a legal aid office, or whatever, institutions should be aware of tenant-landlord problems and should be as helpful as possible to students embroiled in such problems.

Obviously, a central issue here is the ability of the institutions, or some part of the institutions, to play an advocate's role in the community for both off-campus students and the university itself. Being an effective advocate requires knowledge of the political and social environment of the area as well as the legal aspects of housing in the community, but perhaps more importantly, it requires a commitment to building and maintaining a relationship with the local community (hopefully a positive one but at least a straight forward and candid one). Howard Rowland, in a recent **Chronicle of Higher Education** article entitled, "In Hard Times, Colleges Need Good Neighbors,"[22] describes four basic ways a college or university can be involved with its community:

- a source of ideas and information;
- a neighbor and good "citizen";
- a service agency;
- a model or example.

Rowland argues that these days almost require institutions to re-examine programs, services and facilities in an effort to link community needs with campus resources (and there's no reason that link can't work both ways). Specifically, Rowland suggests ideas like more weekend-evening classes to accommodate full-time workers, exploring the possibility of child-care centers for working adults with children, having the university to become the community recycling center, and working with community leaders to help solve practical problems and improve the quality of life, using the university as a research-information center for such efforts.

The lack of a positive relationship between a college or university and its community (the perennial "town and gown" problem that many institutions face) can have dire consequences for the growing number of off-campus students, especially in the area of housing. One good example of such consequences is the increasing trend for communities to pass, or enforce long-standing but ignored laws restricting the number of unrelated persons living together in a single household. These limits vary — three or four seem to be typical figures — but whatever the limit the target group is clearly students, especially in these days of rising rents with more and more students sharing apartments or houses to cut costs. It is entirely reasonable to suppose that issues like this one could be defused or defeated if colleges and universities would make an effort to build liaisons with their communities.

One final encouraging note in this area: Kurt Smith of the Urban College and University Network, (One Dupont Circle, Suite 700, Washington, D.C. 20036), reports[23] that his organization and six other higher-education agencies are joining forces to work with the Department of Housing and Urban Development to create partnerships between urban institutions and their communities in revitalization projects. Member institutions will make a

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commitment to stay in the urban setting, expand course offerings to minorities and lower-income residents, and will work cooperatively with local governments to upgrade housing around the institution, hopefully attracting more students, faculty, and staff into such nearby housing. It seems like a very promising venture, and Mr. Smith promised to keep the Clearinghouse posted on project developments.

Housing concerns are clearly a major issue for this nation today, and this article has attempted to highlight some of the major trends in housing as they affect off-campus students, and hence higher education. Some general solutions have been suggested, but the primary thrust has been to raise the level of awareness of these trends among professionals working with commuter students, and hopefully to encourage a consideration of ways in which our institutions can be involved in these concerns.

The National Clearinghouse for Commuter Programs will continue its research in this area and would welcome reactions-comments-reports from its members and other **Commuter** readers. Contact: Bill Moore, Coordinator, National Clearinghouse for Commuter Programs, 1195 Student Union, University of Maryland, College Park, MD 20742.

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